

PHILIP MORRIS
MID-YEAR PROGRAM
MAY 31, 1988

			OPTION I Price Increase	OPTION II Price Increase
April	Actual		16,243	16,243
May	2-06	Actual	6,800	6,800
	9-13	Actual	5,474	5,474
	16-20	Actual	5,208	5,208
	23-27	Actual	7,350	7,350
	29-6/3		3,000	3,000
June	6-10		4,335	4,870
	13-17		4,335	4,335
	20-24		4,335	4,335
	27-30		2,135	2,135
Total 2nd Quarter			59,215	59,750
1st revised			59,380	59,380
Difference			165*	370

Option I:

Announce price increase effective Monday, June 6, 1988 (\$2.00 per thousand — full margin). Allow customer to buy up to 1 week at the old price for weeks of 6/6-6/10, 6/13-6/17 and 6/20-6/24. For the 4 day period (6/27-6/30) allow the customer to buy up to 1/2 week at the old price. Potential for greater upside if customers buy with new prices for 4th of July.

Option II:

Announce price increase effective Monday, June 13, 1988 (\$2.00 per thousand — full margin). Allow customer to buy up to 1 week at the old price for weeks of 6/13-6/17 and 6/20-6/24. For the 4 day period (6/27-6/30) allow the customer to buy up to 1/2 week at the old price. Potential for greater upside if customers buy with new prices for 4th of July.

Note under both scenarios we have some leeway on the upside due to standing orders on Monday, July 4th, that will be shipped the prior Friday. These standing orders represent approximately 400 million units.